

Rep. Gene Taylor

Town Hall Meeting Presentation

www.taylor.house.gov

The Supreme Court

- **Authority – Article III Section 1 of the Constitution of the United States: The Judicial Power of the United States shall be vested in one supreme Court.**
- **Role of the Court – Article III Section 2 of the Constitution of the United States: judicial Power shall extend to all Cases, in Law and Equity, arising under this Constitution, the Laws of the United States and Treaties made, or which shall be made, under their Authority; In all other Cases before mentioned, the Supreme Court shall have appellate Jurisdiction, both as to Law and Fact, with such Exceptions, and under such Regulations as the Congress Shall make.**

Marbury V. Madison

- This case resulted from a petition to the Supreme Court by William Marbury, who had been appointed by President John Adams as Justice of the Peace in the District of Columbia but whose commission was not subsequently delivered. Marbury petitioned the Supreme Court to force Secretary of State James Madison to deliver the documents, but the court, with John Marshall as Chief Justice, denied Marbury's petition, holding that the statute upon which he based his claim, the Judiciary Act of 1789, was unconstitutional.
- *Marbury v. Madison* was the first time the Supreme Court, declared something "unconstitutional," and established the concept of judicial review in the U.S. This is the idea that courts may oversee and overrule the actions of another branch of government. This decision helped define the "checks and balances" of the Supreme Court in the Federal Government.

Powers Granted to Congress in the Constitution

- **Taxes – Article I, Section 8 of the Constitution states: The Congress shall have power to lay and collect taxes.**
- **Federal Spending – Article I, Section 8 of the Constitution States: Congress shall have Power to pay the debts; To borrow Money on the Credit of the United States; To regulate commerce with Foreign nations and to coin money and regulate its value.**
- **National Defense – Article I, Section 8 of the Constitution States: The Congress shall have power to raise and support Armies; To provide and maintain a Navy; To provide for calling forth the Militia to execute the Laws of the Union, suppress Insurrections and repel Invasions**

Role of Congress

- **Responsible Spending**
 - Members of Congress are responsible for determining how tax dollars are spent.
- **Oversight and Accountability**
 - Congress has the power to call hearings and ask questions regarding how tax dollars are spent.
 - This is the role of the committee process in Congress.
- **Legislative Body**
 - When something appears to be broken, like funding for a program, Congress' job is to try and fix this problem through legislation

Defense Program Spending

- As a member of the House Armed Services Committee and the Chairman of the Seapower and Expeditionary Forces Subcommittee, I work with the Department of Defense and the Defense Industry to ensure that our nations defense spending is getting the best ships at the best possible cost.

DDG-51



DDG-51

- The first DDG-51 was procured in FY1985, and a total of 62 were procured through FY2005. The first ship entered service in 1991, a total of 54 were in service by the end of FY2008, and the 62nd is scheduled to enter service in 2011.
- On July 31, 2008, the Navy proposed procuring a total of eight DDG-51s in the from FY2010 through FY2015.
- The Navy estimate for procurement of a single DDG 51 class ship in FY 2009 is \$2.2 billion. The average cost of subsequent DDG 51 Flight Ila class ships would be about \$1.8B (FY09)

DDG-1000



DDG-1000 Cost Overruns

- The DDG-1000 program was originally scheduled to build seven ships.
- This program has been cut to a maximum of 3 ships due to cost overruns.
- The DDG-1000 is already over budget by \$309.6 million (~9%).
- The DDG-1000 was supposed to cost \$3.5 Billion per ship.
- It is now estimated to cost at least \$5 Billion per ship.
- The first ship is scheduled to be built in 2014

DDG-51 vs. DDG-1000



- The DDG-1000 is estimated to cost \$5 billion per ship
- DDG-51 is estimated to be \$1.8 billion.
- The Navy can get approximately three DDG-51s for the cost of one DDG-1000.
- The Navy will realize additional cost savings through economies of scale in constructing larger numbers of DDG-51s in series production, rather than three or less DDG-1000s. The Navy will also realize savings in leveraging its existing training and logistics pipelines for its current and future DDG-51s.

Littoral Combat Ship (LCS)



LCS-1 USS Freedom



LCS-2 USS Independence

LCS Cost Overruns

- The Navy had to restructure the LCS program in 2007 because of cost growth and construction delays. The first ship in the program—LCS-1—was commissioned into service on November 8, 2008. A second—LCS-2—is to be delivered to the Navy later this year.
- The Navy originally estimated building the LCS for about \$220 million per ship.
- Congressional Research Services estimates that the cost of building the additional LCS has increased more than doubled to \$460 million per ship.
- The estimate for LCS-1 has grown from \$215.5 million in the FY2005 budget to \$531 million in the FY2009 budget. The estimate for LCS-2 has grown from \$213.7 million in the FY2005 budget to \$507 million in the FY2009 budget.
- In response to significant cost growth and schedule delays the Navy was forced to cancel building the two LCSs funded in FY2007 and instead redirected the funding for those two ships to pay for cost overruns on the earlier LCSs.

Amphibious Transport Dock-LPD



LPD Cost Overruns

- When LPD-17 procurement began, ships in the class were estimated to cost roughly \$750 million each.
- The procurement cost of the 10th LPD was estimated at about \$1.7 billion.
- The first ship in the program experienced cost growth of about 70%, and later ships in the program were substantially more expensive to build than originally estimated.
- The design and construction of the first ship was delayed by about two years.
- Estimated procurement costs for the follow-on ships have grown to figures between about \$1.2 billion and about \$1.5 billion.
- The Navy estimates the procurement cost of the ninth ship at \$1.782 billion.

F18, F22 and Joint Strike Fighter (F35)



F18 (Upper Left)

F22 (Upper Right)



Joint Strike Fighter (Bottom Left)

F-18

- **The F/A-18E/F costs \$82.7 million per fighter.**
- **In 1992 when the Department of Defense first started buying these fighters the cost was \$88.8 million.**



- **This cost has gone down over the years because of the number of fighters purchased along with experience in building them (economies of scale.)**

F-22

- On December 15, 2005, the Air Force announced that a 12-aircraft detachment of F-22s had achieved initial operational capability
- The program was in competitive prototyping from 1986 to 1991 and then entered engineering and manufacturing development with prototype flights beginning in 1997.
- In FY 2010 The Secretary of Defense decided to reduce the F-22 program to 187 fighters.



The F-22 was originally projected to cost \$122.3 million per fighter in 1992. The actual cost per fighter is now \$191.6 million.

Joint Strike Fighter (JSF) (F-35)

- In 2001 the projected cost per JSF was \$68.9 million.
- In May 2005, Dept. of Defense approved a plan to revamp the JSF program to account for developmental difficulties.
- This plan stretched out development efforts 16 to 22 months, adding \$11.7 billion in costs and cut the number of aircraft the Defense Department will buy.



- The cost to purchase one Joint Strike Fighter has grown more than 38% from 2001 to \$103.9 million.

Expeditionary Fighting Vehicle (EFV)



EFV Cost Overruns

- The Marine Corp originally planned to purchase 1,025 EFVs at a total cost of \$8.5 billion.
- A December 2007 estimate by DOD predicts that the cost will increase by over 50% to \$13.2 billion—a 168% per-vehicle cost increase.
- According to the Government Accountability Office, as of March 2009, the EFV program will require \$1 billion in research and development and \$9.778 billion in procurement funding to complete the program and field 573 EFVs.
- This equals half the number of the original purchase for twice the cost.

Mine Resistant Ambush-Protected Vehicles (MRAPs)

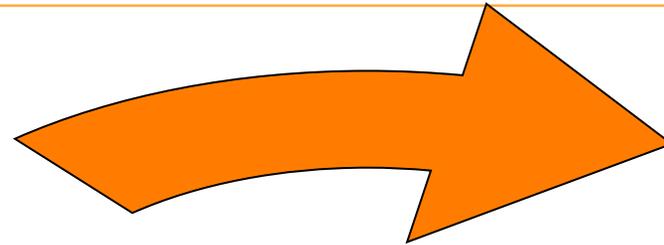


MRAP Program

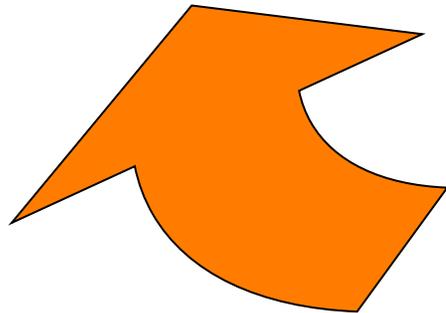
- In late 2007, the Department of Defense launched a major procurement initiative to replace most up-armored Humvees in Iraq with Mine-Resistant, Ambush-Protected (MRAP) vehicles by FY2009.
- MRAPs have been described as providing significantly more protection against Improvised Explosive Devices (IEDs) than up-armored Humvees.
- In 2008, DOD approved the purchase of 15,858 vehicles, with 12,000 going to the Army.
- In April of 2008, Marine General Robert Magnus, testified before Congress, that no Marine has been killed or seriously injured in an MRAP. He told a Senate Armed Services subcommittee on readiness that Marines are up to five times more likely to be hurt in an attack on an armored Humvee than in an MRAP.
- Today these vehicles are being altered to fit the conditions in Afghanistan to continue protecting our troops from Improvised Explosive Devices and Explosively Formed Penetrators.

How Our Tax Dollars Are Spent

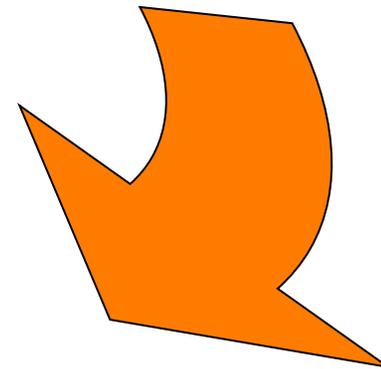
In 2007 \$10 billion
in tax dollars
from Mississippi goes
to Washington DC



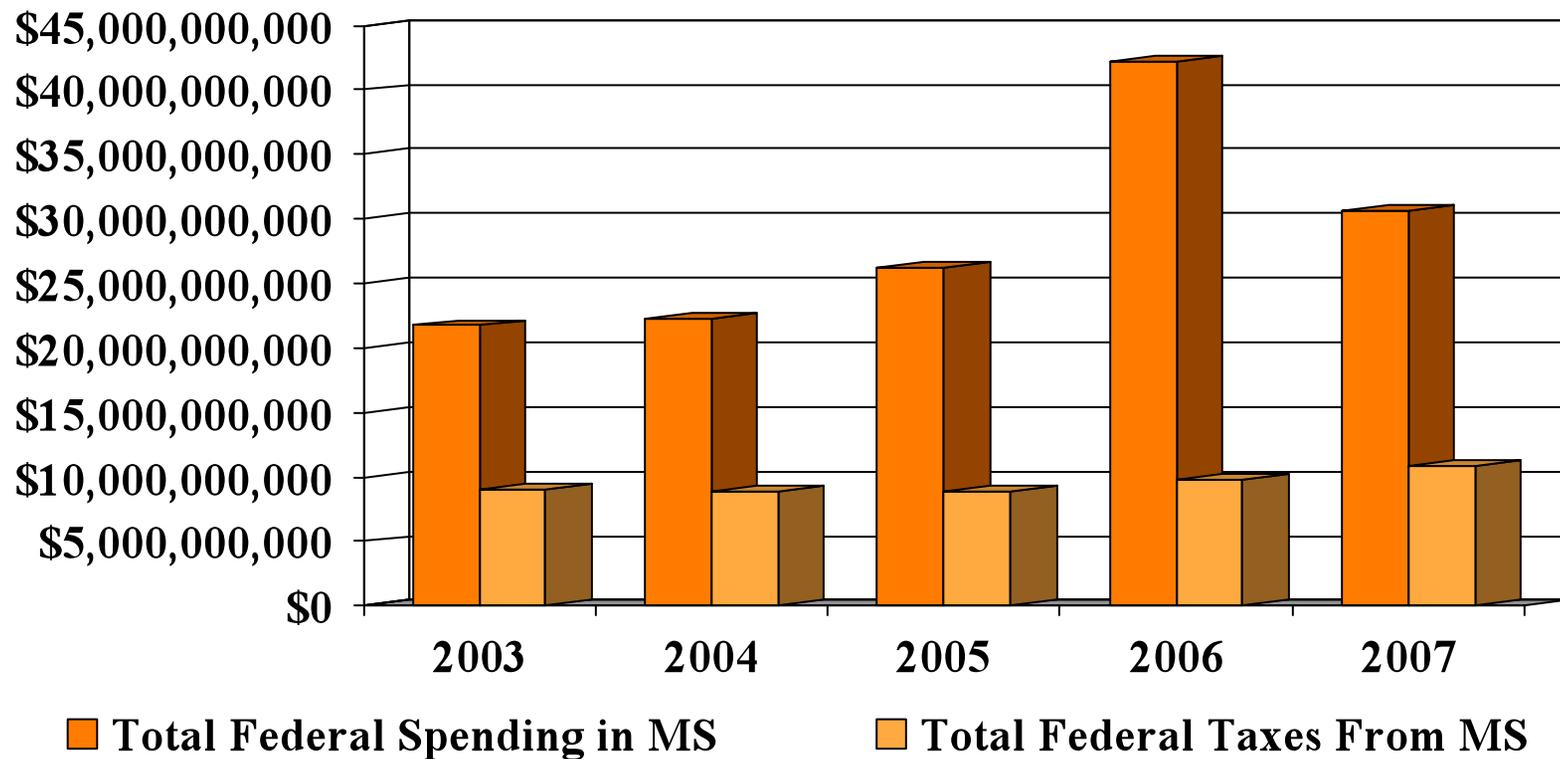
Federal spending
from our tax dollars
gets allocated
to each state from
Washington, DC



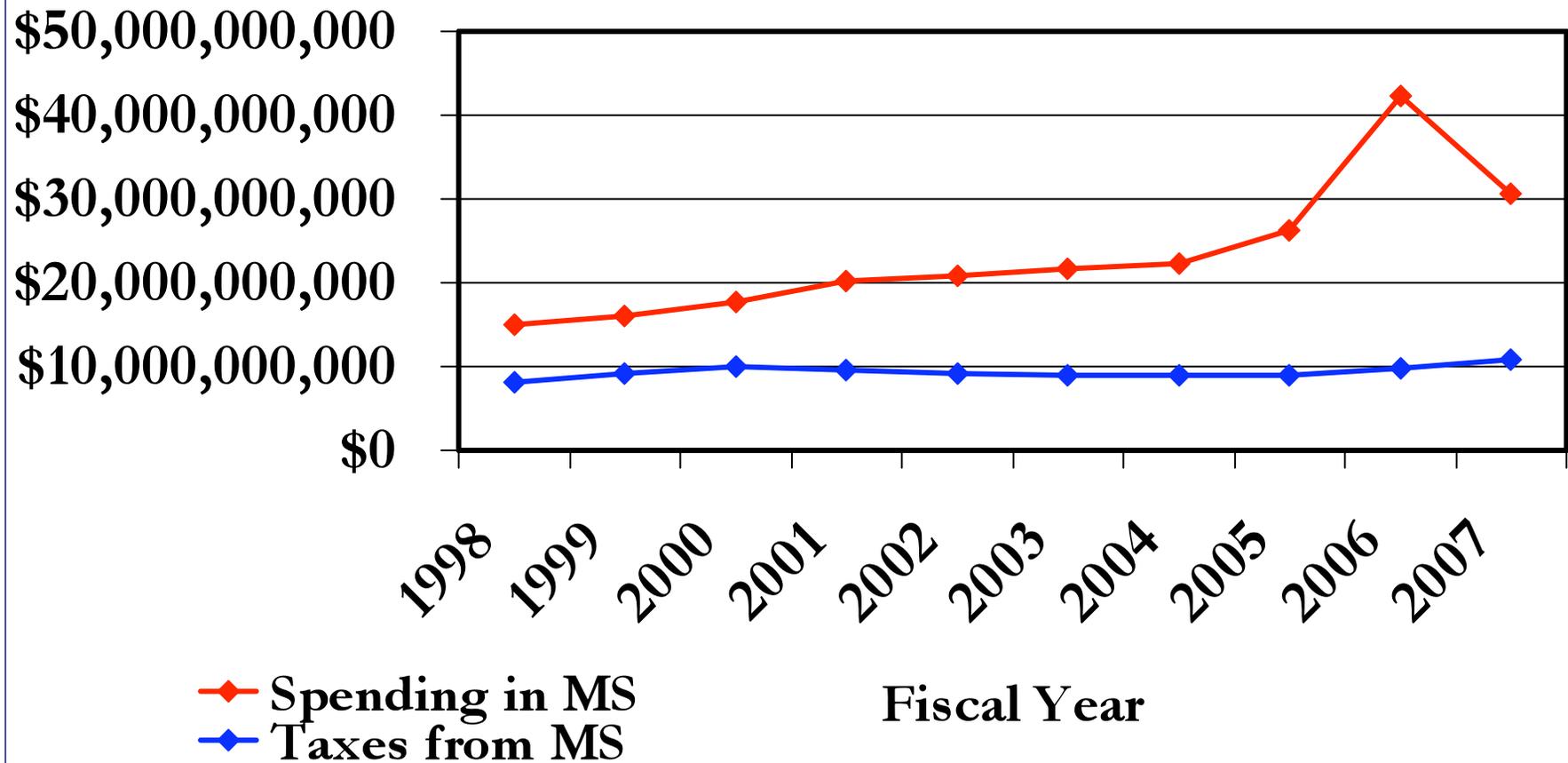
**\$30 billion in federal
Spending from our
Tax dollars got sent back
To Mississippi in 2007**



Federal Spending Received vs. Federal Taxes Paid



Federal Spending in MS and Federal Taxes Paid from MS



Where This Money is Coming From

Top 20 Federal Expenditures in MS

- **Social Security benefits**
\$6,178,267,000
- **Defense contracts** **\$4,820,617,000**
- **Medicare benefits** **\$3,558,572,000**
- **Medicaid grants** **\$2,790,040,000**
- **Defense salaries & wages**
\$1,123,625,000
- **Transportation grants**
\$1,113,110,000
- **Homeland Security/FEMA grants**
\$1,003,992,000
- **Earned income tax credits**
\$814,315,000
- **Housing-Urban Development grants**
\$650,634,000
- **Civilian federal retirement**
\$624,620,000
- **Homeland Security/FEMA contracts**
\$622,155,000
- **SSI payments** **\$594,226,000**
- **Health & Human Services grants**
\$529,032,000
- **Veterans benefits** **\$499,666,000**
- **Agricultural assistance**
\$449,476,000
- **Postal Service payroll** **\$448,002,000**
- **Food stamp payments** **\$443,798,000**
- **Education grants** **\$430,668,000**
- **Military retirement benefits**
\$426,539,000
- **Agriculture/Nutrition grants**
\$409,736,000

National Debt

- Before President Bush took office in January of 2001, the national debt was: \$5.721 Trillion
- When President Bush left office in January of 2009, the national debt grew to: \$10.627 Trillion
- During President Bush's Presidency, the debt grew by \$4.899 Trillion
- As of May 13, 2009 the Total Public Debt is \$11.256 Trillion.
- President Obama has added \$629 Billion to the debt in his first 6 months as President.

What Happened During the Bush Years?

- On 13 different occasions in President Bush's first 3 months, he told the American people that the debt would be paid down.
- On February 27, 2001 in remarks following discussions with President Andres Pastrana of Colombia and an exchange with reporters, President Bush said - **“It does not make sense to pay down debt prematurely and, therefore, have to pay a premium on the debt that you prepay. And so we've calculated the amount of debt that our Nation can pay off over the next 10 years, and that's \$2 trillion, leaving about \$800 billion unpaid.”**
- He was able to make these statements because he came into office with a projected budget surplus.

Previous Presidents and the National Debt

- **Reagan Administration 8-Year Increase: \$1.764 Trillion (Debt on Jan. 20, 1981 - \$934 Billion)**
- **G.H.W. Bush Administration 4-Year Increase: \$1.490 Trillion (Debt on Jan. 20, 1989 - \$2.698 Trillion)**
- **Clinton Administration 8-Year Increase: \$1.540 Trillion (Debt on Jan. 20, 1993 - \$4.188 Trillion)**

The Unfairness of the Fair Tax

- **The Fair Tax Act proposes to repeal federal individual and corporate income taxes, Social Security and Medicare payroll taxes, self-employment taxes, and the estate and gift taxes and replace them with a national sales tax.**
- **The bill claims that the tax would be 23% of the final price, including the tax. That would be a 30% sales tax the way we normally describe sales taxes.**
- **If the after-tax cost is \$100, the item costs \$77 with \$23 in taxes added to it. A \$23 tax on a \$77 item is a 30% sales tax.**
- **To reduce the impact on low-income households, the Fair Tax Act would create a new entitlement program to send every household in America a monthly payment to “prebate” the sales tax for purchases up to the poverty level.**
- **The Bush Administration concluded that the cash grant program would cost \$600 billion to \$780 billion per year and “make most American families dependent on monthly checks from the federal government for a substantial portion of their incomes.”**

The Unfairness of the “Fair Tax”

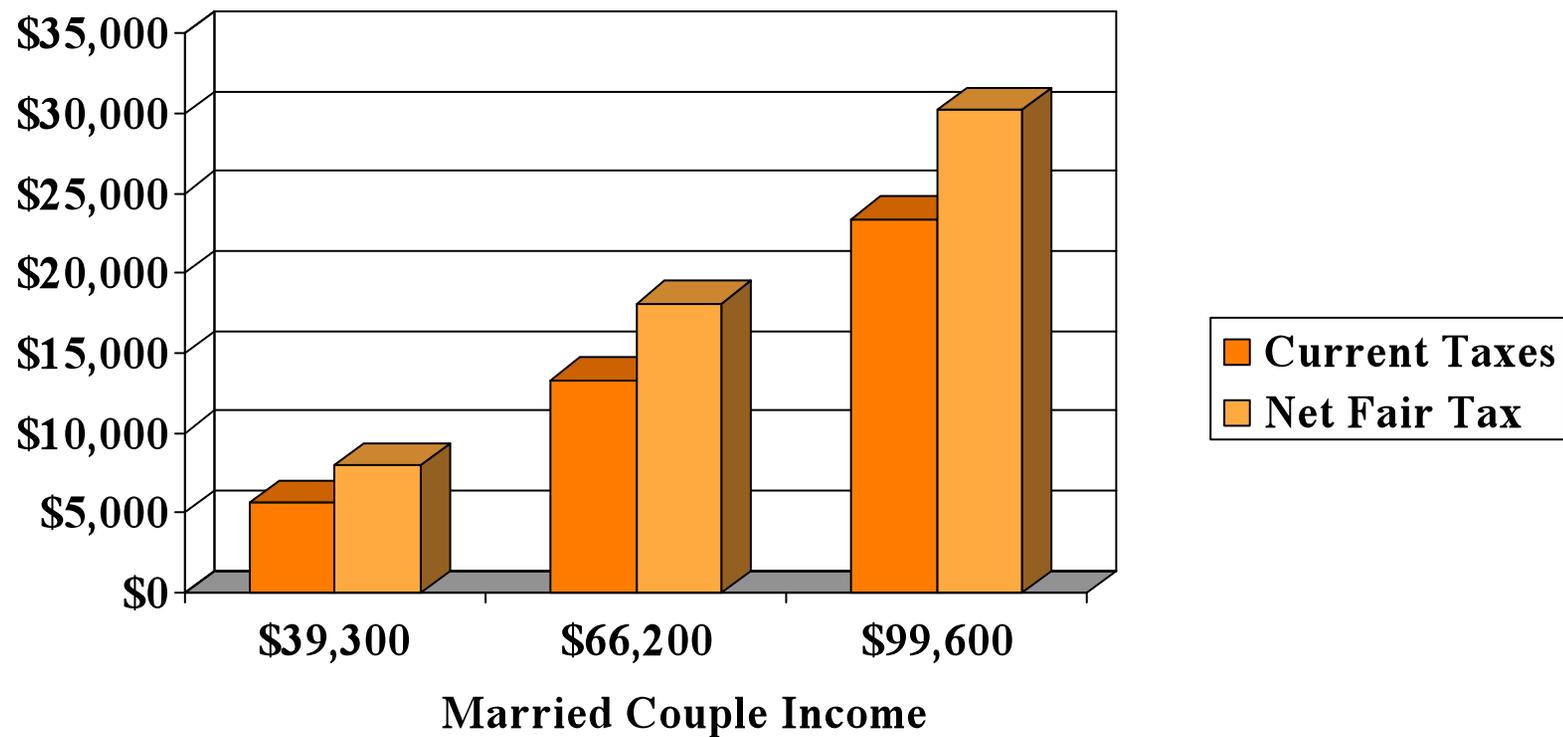
- **The 30% sales tax would not raise enough revenue to replace the taxes it would replace.**
- **The Bush Administration said that the sales tax would have to be at least 34% even if there were no tax evasion and avoidance. With tax evasion, the Bush Treasury Department said the rate may need to be as high as 49%.**
- **The bipartisan Joint Committee on Taxation estimated the sales tax would have to be 57% to be budget neutral.**
- **The Fair Tax Act would add a sales tax to many goods and services that currently are not taxed by state sales taxes, including houses, rent, medical care, and interest payments on mortgages and credit cards.**
- **If Congress exempted any of those items from the sales tax, the tax rate would have to be even higher to make up for the lost revenue.**

Bush Administration Estimates of Middle Income Tax Increase From a 34% Fair Tax (After Entitlement)

Married Couple Income	Current Federal Taxes	Total Fair Taxes Paid	Fair Tax Entitlement Payments	Fair Taxes Minus Entitlement	Fair Tax Net Tax Increase
\$39,300	\$5,625	\$14,691	\$6,694	\$7,997	\$2,372
\$66,200	\$13,308	\$24,793	\$6,694	\$18,099	\$4,791
\$99,600	\$23,410	\$36,893	\$6,694	\$30,199	\$6,789

Source: [*The President's Advisory Panel on Federal Tax Reform – Final Report*](#), Nov. 1, 2005

Bush Administration Estimates of Increased Taxes on Middle-Income Families From a 34% Fair Tax



Final Results

- Mississippi gets \$3 back from the federal government for every \$1 we send to Washington, DC.
- Controlling cost and managing federal spending is the main job for every Member of Congress.
- Without Congress asking questions about federal spending to various departments and agencies, there would be no accountability for taxpayer dollars.

Waste Fraud and Abuse Hotlines

(Handouts are available)

- **Department of Agriculture**
1-800-424-9121
- **Mississippi Human**
- **Services Hotline: 1-800-345-6347**
- **Department of Commerce**
1-800-424-5197
- **Department of Defense**
1-800-424-9098
- **Department of Education**
1-800-647-8733
- **Department of Energy**
1-800-541-1625
- **Department of Health**
and Human Services
1-800-447-8477
- **Medicare and Medicaid**
1-800-447-8477
- **Department of Interior**
Fisheries and Wildlife Service
(703) 358-2087
- **Department of Justice**
1-800-869-4499
- **Department of Labor:**
1-866-487-1365
- **Social Security Benefits:**
1-800-772-1213
- **Federal Emergency**
Management Agency
1-800-621-3362
- **Department of State**
1-800-409-9926
1-800-424-9071
- **Department of Transportation**
- **Department of Treasury**
1-800-359-3898
- **Department of Veterans**
Affairs1-800-488-8244

Bush Administration - Iraq Had Weapons of Mass Destruction

- New York Times – August 27, 2002: EYES ON IRAQ; In Cheney's Words: The Administration Case for Removing Saddam Hussein Vice President Cheney: **“Simply stated, there is no doubt that Saddam Hussein now has weapons of mass destruction; there is no doubt that he is amassing them to use against our friends, against our allies and against us. And there is no doubt that his aggressive regional ambitions will lead him into future confrontations with his neighbors, confrontations that will involve both the weapons he has today and the ones he will continue to develop with his oil wealth.”**

Central Intelligence Agency and Weapons of Mass Destruction

- Remarks by former director of the CIA, George Tenet on May 23, 2007 during an interview on the O'Reilly Factor on FOX News: **“We believed he [Saddam Hussein] had weapons of mass destruction I believed it going back to my time in the Clinton administration when we were concerned about Iraq. I believed on the basis of ten years of following it, data that we'd seen, his deception, his denial, his thwarting of the U.N. I believed it in my core that he had them.”**

Iraq Statements Continued

- Remarks by the President in Address to the Nation – Cross Hall – March 17, 2003 In a Press Release, from the Office of the Press Secretary: **“Intelligence gathered by this and other governments leaves no doubt that the Iraq regime continues to possess and conceal some of the most lethal weapons ever devised, This regime has already used weapons of mass destruction against Iraq’s neighbors and against Iraq’s people.” – President Bush**
- National Public Radio – January 22, 2004: Cheney: U.S. to Continue Search for Iraqi WMD. Cheney sites an interim report by David Kay, who led the WMD search, as saying that the Iraqi government had programs designed to produce such weapons. **“It’s going to take some additional considerable period of time in order to look in all of the cubby holes and ammo dumps in Iraq where you might expect to find something like that.” – Vice President Dick Cheney**
- Meet The Press – September 10, 2006: Cheney: WMD or not, Iraq Invasion was Correct Vice President says “We would do exactly the same thing regardless of intel” **Investigations concluded that he did not have such weapons, and in an appearance on NBC’s Meet the Press, Cheney acknowledged that: “Clearly, the intelligence that said he (Saddam Hussein) did was wrong.”**